Investigation of Corporate Excellence Applying Corporate Reputation Model and the EFQM Model

The aim of this paper is to investigate the concomitant use of two models capable of measuring organizational excellence. These models are the RepTrak (tool for reputation measurement and management of the Reputation Institute) and the EFQM model (the European Foundation for Quality Management model).

In the frame of theoretical background, the paper gives a short draft about the concept of excellence, from both sides of the quality management, included the EFQM model, and the reputation/organizational communication management, and included the RepTrack model. Our hypothesis is that these models show similarities regarding the criteria of organizational excellence. The research was based on the examination of the emergence of three sectors of companies (automotive, water utilities and health care sectors), awarded the „National Quality prize” between 1996 and 2011 in a national quality journal. Based on these appearances the features specific to these sectors and the optional similarities of the two excellence models were explored.

INTRODUCTION

The success and excellence of enterprises can be traced back to several external and internal factors. Among these success factors the most frequently analysed areas are competitiveness, innovation, knowledge-flow and sustainable development.

In order to achieve and permanently preserve and maintain these success factors, the EFQM model suggests applying various methods and systems and synchronizing them. According to the philosophy of this model, the companies applying this model have to share and disseminate (namely communicate) their results with other companies.

[1] Ariel Bükiné Foki, PhD Student, Széchenyi István University
[2] Márta Dr. Konczosné dr. PhD habil Szombathelyi, associate professor, Széchenyi István University, ksvm@sze.hu.
The culture of communication can be interpreted as the quality of internal and external communication. In achieving its goals, a company’s communication plays a significant role. The simultaneous application of these two models (EFQM and RepTrack) gives excellent companies a chance for good communication and return, and well-communicating companies a chance to achieve excellence.

THEORETICAL BACKGROUND

Many approaches of „excellence” can be found in the literature of diverse sciences. Thomas Peter and Robert Waterman interpreted „excellence” as top performance in their book – „In Search of excellence”.[3] The authors examined the organizational efficiency, structure and the relationship between people and organization. They summarized their results in eight principles, among them the most significant being the open, informal organization, wherein information flows freely. The second principle is identified as consumer-satisfaction, which means product quality and reliability. According to Peters and Waterman, the basics of organizational development are entrepreneurship and innovation.

The concept of excellence in quality management is approached from the side of products and services and it is considered as delivering value-adding products and services to the customers. According to this interpretation, the quality of all functions of the company leads to good product quality. The methodology has become known as TQM (Total Quality Management). According to Dahlgaard, Kristensen and Kanji “the TQM is a culture of an organization that is committed to reach customer satisfaction, continuously evolving, and involving all employees of the company.”[4]

The European Foundation for Quality Management (EFQM) is a non-profit organization aiming to inspire organisations to achieve sustainable excellence by engaging leaders to learn, share and innovate using the EFQM Excellence Model.

„On 15th September 1988, 14 European Business Leaders met with Jacques Delors and signed a „Letter of Intent” to form a European Foundation dedicated to increasing the competitiveness of European businesses (Robert Bosch GmbH, British Telecommunications, Bull SA, Ciba-Geigy AG, Dassault Aviation, AB Electrolux, Fiat Auto SpA, KLM, Nestlé, C. Olivetti & C. SpA, Philips, Renault, Sulzer AG and the Volkswagen AG). The European Foundation for Quality Management, EFQM, was founded in October 1989 when the CEO/Presidents of

67 European companies subscribed to our Policy Document and declared their commitment to achieving EFQM mission and vision.\(^5\) (This model is similar to the Malcolm Baldrige-model used in the United States and the Deming-model used in Japan).

According to the EFQM, „excellent Organisations achieve and sustain outstanding levels of performance that meet or exceed the expectations of all their stakeholders.“\(^6\)

The Foundation set up a team of experts, from industry and academia, to develop the EFQM Excellence Model (Figure 1), a holistic framework than can be applied to any organisation, regardless of size or sector. This was first used to support the assessment of organisations in the European Quality Award in 1992. The Model has been adapted and evolved over time to reflect changes in the global market place. One thing that has not changed is its objective to increase the competitiveness of European organisations and support the sustainable development of the European economies. The model is the basis for many national and regional quality prizes.

The Model can be applied to any organisation, regardless of size, sector or maturity. The EFQM Excellence Model is based on nine criteria. Five of these are “Enablers” and four are “Results”. The „Enabler“ criteria cover what an organisation does and how it does it. The „Results” criteria cover what an organisation achieves.

![Figure 1: The EFQM Model’s 9 criteria](http://www.efqm.org/efqm-model/model-criteria)

To achieve sustained success, an organisation needs strong leadership and clear strategic direction. They need to develop and improve their people, partnerships and processes to deliver value-adding products and services to their customers. In the EFQM Excellence Model, these are called the Enablers. If the right


Enablers are effectively implemented, an organisation will achieve the Results they, and their stakeholders, expect.

- The EFQM conceptualized four core values, as follows:
- Being passionate about excellence (promote excellence and inspire excellence in others)
- Building trust (through reliable, open and transparent behaviour)
- Working in partnership (develop partnerships that generate mutual benefits for the community)
- Engaging people (embrace diversity and respect people’s beliefs and opinions)[7]

These core values, such as building trust, cooperating, achieving mutual benefits and engaging people, are core components of excellent communication, as well. Consequently, in order to achieve these core values an excellent communication management is needed. If organizations want to be attractive to potential customers, partners, employees and investors, they need to have a strong brand reputation. They need to be able to demonstrate that they adopt the highest standards of ethical behaviour in all their actions. They need to have transparent and proactive communication and reporting to build this trust.

To ensure sustainable financial growth, the organizations need to keep their customers satisfied. To do this, they have to develop and deliver products and services that add value to them. They also need to deliver excellent service to maximise retention, loyalty and their reputation (Figure 2).

Figure 2: The need for a model

Source: http://www.efqm.org/efqm-model/the-need-for-a-model.

The communication of excellent organizations contributes to their effectiveness and successful operating. Building trust and reputation belong to the area of strategic communication management, which is equal to Public relations (PR) activity. Strategic communication management is the most rapidly growing area of management sciences, multidisciplinary science and practice, with roots in several areas of social sciences. In Anglo-Saxon literature the concepts of Public relations strategic communication management are used as synonyms.[8]

During the short history of professional PR plenty of theories emerged in this new field. Although there are several thousand different definitions of PR, there is not one universally agreed definition of it, as is typical in the case of a relatively new science. However, all these definitions highlight the fact that PR is about managing communication in order to build (establish and maintain) good (mutually beneficial) relationships and mutual understanding between an organisation and its most important audiences (on publics on whom its success or failure depends). Tench, R. and Yeomans, L.[9] divided these theories into four groups, namely normative (systems) theories (Excellence” PR, Critiques of „excellence”, Evolving „excellence”, Open systems), extending the systemic view (PR as relationship management, Practitioners roles, Cultural context), and alternative approaches (Critical theory, Rhetorical perspectives, Feminist view of PR) and diversity in PR (Postmodernism, The public sphere and PR, Complexity, ecology and PR, Sociological approaches to PR, PR as a cultural phenomenon).


Hungary belongs to the so-called transitional countries of Central and Eastern Europe. “The region is characterized by common processes and trends such as democratization and the development of a free-market economy. There is a general overview about their cultural profiles, significant historical, political, economic and social factors that influenced the development of public relations, as well as the current state of the profession”. [21]

Reputation is one of the most significant intangible assets of a company. As Charles Fombrun said, “long ignored, intangible assets are now gaining increased notice. In the last few years those of us who study corporate strategies have begun to recognise that intangible assets may well provide companies with a more enduring source of competitive advantages than patents and technologies”. [22] In his book he demonstrates how great the economic returns to reputation really are.

In the last decade many scientific publications have emerged in Hungary, as well. [23]

As the importance of reputation increases the number of measuring instruments has also grown. There are many of them, and the most known and accepted system is the RepTrack model developed by the Reputation Institute in the US (Figure 3).

This decision tool is the global gold standard for reputation measurement and management. This tool earned its place as the gold standard by showing executives that they can reliably measure and communicate global reputation metrics for companies, countries and cities – and see trends in that data over time. This methodology is fully flexible; it is used globally and can be adapted to the specific needs of any organization, country, and city.

It has seven rational (performance, product/service, innovation, workplace, governance, citizenship, leadership) and four emotional components (esteem, admiration, trust, and feeling). Based on the opinion of the most important stakeholders, we can give an overall picture about the appropriate organization’s reputation.

Comparing these two models and their criteria for excellence (Table 1), we can conclude that there are many similarities and identities between them.

**Table 1: Comparing EFQM and RepTrack models as tools for measuring excellence**

<table>
<thead>
<tr>
<th>EFQM</th>
<th>RepTrack</th>
<th>Nature of the factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROI, sustainable financial growth</td>
<td>performance</td>
<td>rational factors</td>
</tr>
<tr>
<td>processes, product and services</td>
<td>product/service</td>
<td></td>
</tr>
<tr>
<td>Learning, creativity and innovation</td>
<td>innovation</td>
<td></td>
</tr>
<tr>
<td>people (opportunities to develop, work-life balance, pride in organization)</td>
<td>workplace</td>
<td></td>
</tr>
<tr>
<td>right partners and suppliers</td>
<td>governance</td>
<td></td>
</tr>
<tr>
<td>partnership</td>
<td>citizenship</td>
<td></td>
</tr>
<tr>
<td>leadership</td>
<td>leadership</td>
<td></td>
</tr>
<tr>
<td>reputation</td>
<td>esteem</td>
<td>emotional factors</td>
</tr>
<tr>
<td>ethical behaviour, transparent communication</td>
<td>admiration</td>
<td></td>
</tr>
<tr>
<td>inspire trust</td>
<td>trust</td>
<td></td>
</tr>
<tr>
<td>all above</td>
<td>feeling</td>
<td></td>
</tr>
</tbody>
</table>

Source: authors’ own.
In the next part of our paper we give some examples of connection and coherence between excellence in communication and excellence in performance.

3. METHODOLOGY AND SAMPLE

In the first part of our secondary research the sample was selected. The examination was conducted among the organizations that won the National Quality Award between 1996 and 2011 (Table 2).

As recognition for the activity of outstanding performing business organizations, the National Quality Award was established by the Prime Minister of Hungary in 1996. This award is based on the EFQM Excellence Model. The prize can be won through competitions and it can be awarded in four categories: small, medium and large production/service company. The award is presented in the Hungarian Parliament on the World Quality Day.[24]

Table 2: Allocation of the National Quality Award organizations (1996–2011 in Hungary) based on sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of winning organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive industry</td>
<td>12</td>
</tr>
<tr>
<td>Waterworks</td>
<td>10</td>
</tr>
<tr>
<td>Schools</td>
<td>8</td>
</tr>
<tr>
<td>Transport companies</td>
<td>7</td>
</tr>
<tr>
<td>Building industry</td>
<td>7</td>
</tr>
<tr>
<td>Municipal offices</td>
<td>5</td>
</tr>
<tr>
<td>Electricity Supply Companies</td>
<td>4</td>
</tr>
<tr>
<td>Hospitals</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: authors’ own research (2015).

[24]http://www.felvi.hu/felsooktatasmuhely/avir/fogalomtar/defmart/!DefMart/index.php/Nemzet_Minóseg; World Quality Day was introduced by the United Nations in 1990 to increase worldwide awareness of the important contribution that quality makes towards a nation’s and an organisation’s growth and prosperity. The purpose of World Quality Day is to promote awareness of quality around the world and to encourage individuals’ and organisations’ growth and prosperity. In a global economy where success depends on quality, innovation and sustainability, World Quality Day is your chance to reinforce these as the foundations of your organisation and focus on the importance of quality. The term quality is everywhere, in all aspects of life. For organisations, however, deploying quality approaches is a prerequisite for creating a sustainable business.

- Quality approaches can benefit your organisation in many ways. It can:
  - Improve customer satisfaction
  - Reduce costs and improve profitability
  - Support improvement and innovation
  - Help to identify and manage risk
  - Ensure corporate care and responsibility

http://www.thecqi.org/Community/World-Quality-Day/Why-quality/
INVESTIGATION OF CORPORATE EXCELLENCE APPLYING CORPORATE...

- Automotive industry (6)
- Opel Magyarország Járműgyártó Kft. (Opel Hungary Vehicle Manufacturer Ltd.)[25]
- SAPU Ipari és Kereskedelmi Bt. (SAPU Industrial and Commercial Ltd.)[26]
- WET Automotive Systems Magyarország Kft. (WET Automotive Systems Hungary Ltd.)[27]
- Alcoa Európai Keréktermék Kft. (Alcola European Wheelproduct Ltd.)[28]
- HÖDLMAYR Hungária Logistics Kft. (HÖDLMAYR Hungary Logistic Ltd.)[29]
- Jabil Circuit Magyarország Kft. (Jabil Circuit Hungary Ltd.)[30]
- Waterworks (3)
- Pécsi Vízmű Kft. (Pécs Waterworks Ltd.)[31]
- Nyírségvíz Nyíregyháza és térsége Víz- és Csatornamű Zrt. (Nyírségvíz Nyíregyháza and Region Water and Sewer Works Company)[32]
- Észak-Magyarországi Regionális Vízművek Zrt. (North Hungarian Regional Waterworks Co.)[33]
- Hospitals (2)
- Zala Megyei Kórház (Hospital of Zala County)[34]
- Szabolcs-Szatmár-Bereg Megyei Önkormányzat Jósa András Oktató Kórház (Jósa András Training Hospital of Szabolcs-Szatmár-Bereg County’s municipality)[35]

Following the selection of our pattern, the research was continued with the examination of professional journals of quality (Magyar Minőség – Hungarian Quality).

The following questions were formulated:
- How often do the selected organizations appear in the examined journal?
- How do they spread the culture of excellence? What kind of reputation elements can we identify in the case of particular articles, using the RepTrack-model?
- Who (which person in which position) does the communication in the case of the selected organizations?

The collected data were analysed, and the typical sectorial/industrial characteristics were explored.

4. RESULTS

_Public relations activities in quality journal of the National Quality Award companies operating in the field of vehicle production and engineering_

The frequency of the appearance in the Hungarian Quality journal in the case of these six companies is equal. We can conclude that the editors of the journal pay attention to the same amount of communication of the National Quality Award organizations. Most of the press coverage – 70-75% – is related to the celebration of the National Quality Award, to the engagement of the National Quality Club and to taking part and giving presentations at conferences. Generally, it can be said that the appearances were frequent mostly in the year of gaining the award and in the following few years.

We can say that the National Quality Award Organisations apply only a few elements of the RepTrack-model in their appearances: the rational elements of the model can be identified by each company. However, we couldn't find emotional elements in any case. The companies did not consciously use the model for their appearance in the journal.

_Public relations activities of the National Quality Award waterworks companies in the quality journal_

Water companies provide a public service for citizens, so special attention is paid to their communication activities. If citizens are satisfied with the companies’ work then honour and trust directs toward them.

The evaluation criteria are as follows: continuity of service, operational safety, service quality, meeting public health requirements, service precision, long-term sustainability, environmental aspects, and stability of husbanding,
communication skills, image, quality and quality of relationships of the organization. Water works - although they are business organizations - are rather similar to the non-profit orientation of public services than the classic market actors interested in income and profit.

The Hungarian Water Utility Association (MaVíz) is an independent organization. Its main objective is to bring together the waterworks organizations and to support their service activities and development. The MaVíz created a public relations group for nurturing the waterworks’ reputation.

The appearance of the waterworks in the journal is more frequent than that of the automotive companies. Annually 4-5 reports are published relating to their quality management activities. In the articles they consciously apply the rational elements of the RepTrack-model, but we couldn’t find any evidence of the use of emotional elements.

The authors of these articles were always the quality managers of the particular companies.

Public relations activities of the National Quality Award hospitals in the quality journal

The concept of health-PR is summarized by Jancsó PR (2007) as follows:

“On the one hand, the aim of the health-PR is the conscious public health promotion, which takes place by mutual communication of the state, the health care organizations and the society. This activity is directed both to formulate and change of the mind-set of people regarding to the health system as supply system, furthermore to rearing them for healthier lifestyle. On the other hand, it refers to the communication based on mutual benefits between a nation’s business organizations and the society, which aims to strengthen trust and reputation of the particular organization, through the commitment to health.”[36]

With regard to frequency of appearances, the two hospitals are equal in the professional journal. The appearances are continuous, so we received information from each hospital in each year between 2003 and 2011. This can be explained by, on the one hand, the fact that the Hospitals’ employees participate regularly at the conference as speakers (e.g. Deming Conference). On the other hand, we can speak about two organizations, developing and applying new methods of knowledge sharing. In the articles regarded these hospitals the emotional elements of RepTrack-model have appeared, besides the rational elements.

5. CONCLUSION AND DISCUSSION

In this paper we reviewed the PR activity of organizations, which won the National Quality Award (vehicle construction and mechanical engineering, waterworks and hospitals), highlighting the elements of the RepTrack-model corporate reputation model. The findings are summarized as follows:

The elements of the RepTrak-model and the EFQM models have similarities regarding excellence.

To the research questions we can give the following replies:

How often have the selected organizations appeared in the journals?

Articles relating to the particular automotive companies were published in same amount. From this we can conclude that the editors of Hungarian Quality journal paid equal attention to the appearance of various companies. The waterworks and hospitals communicated twice as often as the former sector. These organizations play an active role in the work of the professional quality associations.

How do the selected organizations disseminate the culture of excellence? Which elements of the Corporate Reputation can be identified based on the RepTrak-model while investigating the selected organizations?

As a result of the investigation of the articles on the selected organizations we can conclude that in the case of the car industry and water utilities the shared information was mainly related to product, innovation and work conditions. In the case of the waterworks a new topic appears after 2010: Corporate Social Responsibility (CSR).

In the case of the hospitals the following areas are significant in terms of communication: governance, leadership, workplace and CSR.

We were able to identify the rational elements of RepTrack-model in the case of vehicle production/engineering and waterworks, while emotional elements were identified only in the case of the two hospitals.

In what position is the person who is responsible for the communication of the selected organizations?

In the case of the automotive companies the author of the articles is the senior quality leader. In all cases of waterworks the quality managers are responsible for this communication. In the case of hospitals, heads of various departments are the authors (e.g. nursing department, quality assurance department).
In the sectors (automotive industry / mechanical engineering, waterworks, hospitals) where the organizations undertook to learn and disseminate/communicate the culture of excellence, the number of outstanding organizations has increased.

The research could be continued with investigation and a comparative analysis of various forms of appearance (e. g. website, conferences and other events).

REFERENCES

• http://www.efqm.org/about-us/our-history
• http://www.efqm.org/efqm-model/fundamental-concepts
• http://www.efqm.org/efqm-model/model-criteria
• http://www.efqm.org/about-us/our-mission-vision-values
• http://www.efqm.org/efqm-model/the-need-for-a-model
• http://www.felvi.hu/felsooktatasimuhely/avir/fogalomtar/defmart/!DefMart/index.php/Nemzeti_MINOSLEG
• http://www.reputationinstitute.com/about/RepTrak
• http://www.theecqi.org/Community/World-Quality-Day/Why-quality/

HUNGARIAN SUMMARY

A tanulmány a Public Relations (PR) tevékenység és a vállalati hírnév összehasonlító elemzésének néhány eredményét mutatja be. A vizsgálat alapját az 1996 és 2011 között Nemzeti Minőség Díjat nyert vállalatok minőségi szakfolyóiratokban való megjelenése adta. A kiválasztott szervezetek közül 6 autóipari vállalat, 3 vízmű és 2 kórház volt, amely esetében a megjelenés gyakoriságát, tartalmi oldalról a vállalati hírnév elemek azonosíthatóságát és a kommunikációt végző munkatárs státuszát vizsgáltuk.

Az elméleti hátteret a kiválóság fogalmának PR és minőségi szakfolyóiratokban való megjelenése, továbbá az EFQM (kiválósági) és a Rep Trak (vállalati hírnév) Modell bemutatása jelentette. A vizsgálat során arra a következtetésre jutottunk, hogy az EFQM és Rep Trak Modell sok hasonló, sőt azonos elemet tartalmaz. A hírnév modell racionalis elemeit az autóipari vállalatoknál és a vízművek esetében, a modell emocionális elemeit a kórházak esetében lehetett azonosítani.
Bishop Apor Vilmos square